

DEPARTMENT OF FOOD AND AGRICULTURE

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September 9, 2005

RE: ANNOUNCEMENT OF MINIMUM PRICES FOR CLASS 1 MARKET MILK**TO ALL INTERESTED PARTIES:**

On the reverse side of this page are the minimum prices for Class 1 market milk for October 2005. All prices are f.o.b. milk processing plant. As provided in the Stabilization and Marketing Plans for Market Milk (Plans), milk handlers shall pay producers the minimum prices for market milk components sold or used for all Class 1 purposes as specified on the reverse side of this page. Component and hundredweight prices include Milk Producers Security Trust Fund charges effective June 1, 2002.

If market milk components are purchased f.o.b. producer's dairy location, haul deductions may be made as provided in the Plans.

Equivalent hundredweight prices shown in the right-hand column are based upon milk that is 3.5% fat and 8.7% solids-not-fat (SNF). These classified minimum prices that processors must pay for milk received from producers are calculated based upon mathematical formulas. The formulas are established and amended as needed through a public hearing process. These formulas include commercial prices for manufactured dairy products (butter, Cheddar cheese and nonfat dry milk). These commercial prices are also listed on the reverse side of this page.

This price information is also available on a recorded message. Please call (800) 503-3490 to hear the recording. If you are calling from Sacramento or from outside of California, please call (916) 442-MILK. You can also access this information over the Internet on the Department's Homepage. The address is <http://www.cdfa.ca.gov/dairy>. From the Homepage, select the [Dairy Prices] link and then the [Minimum Class Price Letters] link. Once there, be sure to make a bookmark for future reference.

For more information, please contact us at the phone numbers or e-mail address above.

Sincerely,

ORIGINAL SIGNED BY CANDACE GATES FOR

David K. Ikari, Chief
Dairy Marketing Branch

MINIMUM PRICES FOR CLASS 1 MARKET MILK F.O.B. PROCESSING PLANT

Released: September 9, 2005

CLASS 1: For October 2005	LB. FAT	LB. SNF	LB. FLUID	EQUIVALENT PER CWT.
Northern California	\$1.9247	\$0.7938	\$0.0218	\$15.56
Southern California	\$1.9247	\$0.7938	\$0.0249	\$15.83
Statewide Average CWT Price:				
Based Upon Production				\$15.61
Based Upon Utilization				\$15.69

COMMODITY MARKET PRICES:	\$ PER LB.
Chicago Mercantile Exchange Grade AA Butter - Daily Simple Average (August 26th to September 10th)	\$1.6992
Chicago Mercantile Exchange Block Cheddar Cheese - Daily Simple Average (August 26th to September 10th)	\$1.4933
California Extra Grade & Grade A Nonfat Dry Milk - (For Weeks Ending August 26th and September 2nd)	\$0.9493

COMMODITY REFERENCE PRICE FOR SEPTEMBER CLASS 1 PRICING: \$15.3130

Component and hundredweight prices include Milk Producer Security Trust Fund charges effective June 1, 2002.

The November 2005 Class 1 prices will be announced no later than 4:00 p.m. on October 7, 2005.
The October and November 2005 Class 2 and 3 prices will be announced no later than 4:00 p.m. on October 3, 2005.
The September 2005 Class 4a and 4b prices will be announced no later than 4:00 p.m. on October 3, 2005.